

1 MICHAEL JAY BERGER (State Bar # 100291)
2 LAW OFFICES OF MICHAEL JAY BERGER
3 9454 Wilshire Boulevard, 6th Floor
4 Beverly Hills, California 90212
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6 F: (310) 271.9805
7 E: Michael.Berger@bankruptcypower.com

8 Proposed Counsel for Debtor-in-Possession
9 Shields Nursing Centers, Inc.

10 UNITED STATES BANKRUPTCY COURT
11 NORTHERN DISTRICT OF CALIFORNIA

12 OAKLAND DIVISION

13 In re:) CASE NO.: 23-bk-41201 CN 11
14 Shields Nursing Centers, Inc.,) Chapter 11
15 Debtor-in-Possession.) **SUPPLEMENT TO DEBTOR'S**
16) **MOTION PURSUANT TO SECTIONS**
17) **363(b) AND 105(a) OF THE**
18) **BANKRUPTCY CODE FOR ORDER**
19) **AUTHORIZING DEBTOR TO PAY**
20) **CRITICAL VENDORS;**
21) **DECLARATIONS OF WILLIAM M.**
22) **SHIELDS JR. AND CAROLYN AFARI**
23) **IN SUPPORT THEREOF**
24)
25) Date: October 18, 2023
26) Time: 11:00 a.m.
27) Place: U.S. Bankruptcy Court
28) Courtroom 215
1300 Clay Street
Oakland, CA 94612

21 **TO THE HONORABLE CHARLES NOVACK, THE UNITED STATES**
22 **BANKRUPTCY JUDGE; THE OFFICE OF THE UNITED STATES TRUSTEE;**
23 **SECURED CREDITORS; CRITICAL VENDORS: (1) ELAM'S CONSULTING &**
24 **INSPECTION SERVICES INC., (2) INTERACTIVE THERAPY ESSENTIALS,**
25 **(3) PROVIDENCE REHAB GROUP, INC., (4) NUTRITION THERAPY**
26 **ESSENTIALS, AND (5) CITY OF RICHMOND; TWENTY LARGEST**
27 **UNSECURED CREDITORS, AND PARTIES ENTITLED TO NOTICE:**
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SUPPLEMENT TO MOTION

On October 12, 2023, Shields Nursing Centers, Inc., the debtor and debtor in possession in the above-captioned case ("Debtor"), filed a Motion Pursuant To Sections 363(B) And 105(A) of The Bankruptcy Code For Order Authorizing Debtor To Pay Critical Vendors; Memorandum Of Points And Authorities; Statement Regarding Cash Collateral; Declaration Of William M. Shields Jr. In Support Thereof [docket no.: 38] (the "Critical Vendor Motion"), requesting to pay the pre-petition claims of critical vendors Elam's Consulting & Inspection Services, Inc., Interactive Therapy Essentials, Providence Rehab Group, Inc. and Nutrition Therapy Essentials (the "Critical Vendors"). The Debtor requires the continued services of these critical vendors for licensing and therapy services to the Debtor's clients and the Critical Vendors indicated to the Debtor that they will not continue to perform services for the Debtor unless they are paid their pre-petition claims.

Debtor hereby supplements its Critical Vendor Motion and seeks to include one additional critical vendor, the City of Richmond. The Debtor operates post-acute skilled nursing facilities, one of which is located in the City of Richmond at 1919 Cutting Blvd., Richmond, California 94804 (the "Richmond location"). In the Richmond location, the Debtor has an 83 bed occupancy.

The City of Richmond issues business licenses. The Debtor requires that its City of Richmond business license be active as: (1) Debtor must comply with U.S. Trustee compliance requirements to maintain all necessary business licenses; and (2) Debtor must have the City of Richmond business license in order to continue to do business with various health insurance companies which account for a significant portion of the Debtor's business income. If the Debtor's City of Richmond business license is not issued to the Debtor, it will cause irreparable harm to the Debtor's business and

1 receivables, and Debtor will not be able to operate to the detriment of all creditors of the
2 estate.

3 The City of Richmond has a pre-petition claim in the approximate amount of
4 \$49,719.00 (plus accruing interest). A true and correct copy of the correspondence
5 between the Debtor and the City of Richmond regarding the pre-petition business tax
6 owed is attached to the Declaration of William M. Shields Jr. as **Exhibit "1."** The
7 representatives from the City of Richmond indicated to the Debtor and to Debtor's
8 counsel that the City of Richmond will not issue the Debtor an updated City of Richmond
9 business license unless the Debtor pays off the pre-petition business tax in the amount of
10 \$49,719.00 (plus accruing interest).

11 In order to effectively reorganize, the Debtor must maintain its City of Richmond
12 business license. The City of Richmond business tax was a necessary business expense
13 incurred during the ordinary course of its business. Debtor is unable to wait until plan
14 confirmation to pay the City of Richmond's claim, as the Debtor is required to maintain
15 its business license and without it, the Debtor cannot operate its Richmond location.

16 The Debtor requests authority from this Court to pay the pre-petition business tax
17 owed to the City of Richmond to ensure Debtor's continued business operations without
18 any interruption. Payment to the City of Richmond, as proposed by the Debtor, will
19 allow the Debtor to continue doing business, preserve the Debtor's assets for the benefit
20 of the estate and the creditors and also maximize the assets of the estate and receivables
21 which will fund the Debtor's Plan of Reorganization. The Debtor has a reasonable
22 prospect of reorganization through Chapter 11. The relief sought herein will ensure no
23 interruption of Debtor's business and will further allow Debtor to emerge as a
24 reorganized Debtor.
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FOR THESE REASONS, the Debtor respectfully requests that the Court enter an order:

1. Granting the Motion;
2. Authorizing the Debtor to pay the all Critical Vendors including: (1) Elam's Consulting & Inspection Services, Inc.; (2) Interactive Therapy Essentials; (3) Providence Rehab Group, Inc.; (4) Nutrition Therapy Essentials; and (5) City of Richmond, pursuant to pursuant to Sections 105 and 363(b) of the of the United States Code, 11 U.S.C. §§ 101, et seq. (the "Bankruptcy Code"), and Rule 4001(b)(2) of the Federal Rule of Bankruptcy Procedure (the "Bankruptcy Rules"); and
3. Granting such other relief as the Court deems just and proper.

LAW OFFICES OF MICHAEL JAY BERGER

Dated: October 17, 2023

By: /s/ Michael Jay Berger
Michael Jay Berger
Counsel for Debtor-in-Possession
Shields Nursing Centers, Inc.

1 **DECLARATION OF WILLIAM M. SHIELDS JR.**

2 I, William M. Shields Jr., declare and state as follows:

3 1. I am the Chief Executive Officer of Shields Nursing Centers, Inc. (the
4 “Debtor”) herein. I have personal knowledge of the facts set forth below and if called to
5 testify as to those facts, I could and would competently do so.

6 2. On October 12, 2023, Shields Nursing Centers, Inc., the debtor and debtor
7 in possession in the above-captioned case (“Debtor”), filed a Motion Pursuant To
8 Sections 363(B) And 105(A) of The Bankruptcy Code For Order Authorizing Debtor To
9 Pay Critical Vendors; Memorandum Of Points And Authorities; Statement Regarding
10 Cash Collateral; Declaration Of William M. Shields Jr. In Support Thereof [docket no.:
11 38] (the “Critical Vendor Motion”), requesting to pay the pre-petition claims of critical
12 vendors Elam’s Consulting & Inspection Services, Inc., Interactive Therapy Essentials,
13 Providence Rehab Group, Inc. and Nutrition Therapy Essentials (the “Critical Vendors”).
14 The Debtor requires the continued services of these critical vendors for licensing and
15 therapy services to the Debtor’s clients and the Critical Vendors indicated to the Debtor
16 that they will not continue to perform services for the Debtor unless they are paid their
17 pre-petition claims.

18 3. Debtor hereby supplements its Critical Vendor Motion and seeks to include
19 one additional critical vendor, the City of Richmond. The Debtor operates post-acute
20 skilled nursing facilities, one of which is located in the City of Richmond at 1919 Cutting
21 Blvd., Richmond, California 94804 (the “Richmond location”). In the Richmond
22 location, the Debtor has an 83 bed occupancy.

23 4. The City of Richmond issues business licenses. The Debtor requires that its
24 City of Richmond business license be active as: (1) Debtor must comply with U.S.
25 Trustee compliance requirements to maintain all necessary business licenses; and (2)
26 Debtor must have the City of Richmond business license in order to continue to do
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1 business with various health insurance companies which account for a significant portion
2 of the Debtor's business income. If the Debtor's City of Richmond business license is not
3 issued to the Debtor, it will cause irreparable harm to the Debtor's business and
4 receivables, and Debtor will not be able to operate to the detriment of all creditors of the
5 estate.

6 5. The City of Richmond has a pre-petition claim in the approximate amount
7 of \$49,719.00 (plus accruing interest). A true and correct copy of the correspondence
8 between the Debtor and the City of Richmond regarding the pre-petition business tax
9 owed is attached hereto as Exhibit "1." The representatives from the City of Richmond
10 indicated to the Debtor that the City of Richmond will not issue the Debtor an updated
11 City of Richmond business license unless the Debtor pays off the pre-petition business
12 tax in the amount of \$49,719.00 (plus accruing interest).

13 6. In order to effectively reorganize, the Debtor must maintain its City of
14 Richmond business license. The City of Richmond business tax was a necessary business
15 expense incurred during the ordinary course of its business. Debtor is unable to wait until
16 plan confirmation to pay the City of Richmond's claim, as the Debtor is required to
17 maintain its business license and without it, the Debtor cannot operate its Richmond
18 location.

19 7. The Debtor requests authority from this Court to pay the pre-petition
20 business tax owed to the City of Richmond to ensure Debtor's continued business
21 operations without any interruption. Payment to the City of Richmond, as proposed by
22 the Debtor, will allow the Debtor to continue doing business, preserve the Debtor's assets
23 for the benefit of the estate and the creditors and also maximize the assets of the estate
24 and receivables which will fund the Debtor's Plan of Reorganization. The Debtor has a
25 reasonable prospect of reorganization through Chapter 11. The relief sought herein will
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1 ensure no interruption of Debtor's business and will further allow Debtor to emerge as a
2 reorganized Debtor.

3 I declare under penalty of perjury that the foregoing is true and correct and
4 that this declaration is executed on October 17, 2023 at Hercules, California.

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7 William M. Shields Jr.

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I, Carolyn Afari, declare and state as follows:

1. I am an Attorney at Law, licensed to practice before all of the courts in the State of California, and in the United States District Court for the Central District of California. I have personal knowledge of the facts set forth below and if called to testify as to those facts, I could and would competently do so.

2. On October 16, 2023, at approximately 1:38 p.m., I spoke to Antonio Banuelos, Accounting Manager for the City of Richmond regarding Debtor Shields Nursing Centers, Inc.'s ("Debtor") City of Richmond business license and the pre-petition business tax owed by the Debtor to the City of Richmond.

3. On my call with Mr. Banuelos, he indicated to me that unless the Debtor pays off the balance of City of Richmond business taxes owed, the City of Richmond will not issue the Debtor a City of Richmond Business license.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration is executed on October 17, 2023 at Beverly Hills, California.



Carolyn Afari

EXHIBIT 1

Angie Goward

From: Leticia Garcia-Seidell <Leticia_Garcia-Seidell@ci.richmond.ca.us>
Sent: Wednesday, January 25, 2023 4:58 PM
To: Angie Goward
Subject: RE: 40005057 1919 CUTTING BOULEVARD
Attachments: 40005057_INVOICE.pdf

Angie,

Below is the calculation formula for your class of business. Attached is your invoice for your business tax..

$$\begin{aligned} 11,382,000 - 2,500,000 &= 8,882,000 \\ 2,500,000 &= \$9,750.00 + .0045 (8,882,000) \\ &= 49,719 \end{aligned}$$

H. Class H. Persons engaged in Class H business activities shall pay a business tax as follows:

If annual gross receipts are:	Then the business tax is:
Not over \$1,000,000	\$3.60 per \$1,000 of annual gross receipts
Over \$1,000,000 but not over \$2,500,000	\$3,600. plus \$4.10 per \$1,000 of annual gross receipts over \$1,000,000
Over \$2,500,000 but not over \$25,000,000	\$9,750. plus \$4.50 per \$1,000 of annual gross receipts over \$2,500,000
Over \$25,000,000 but not over \$50,000,000	\$111,000. plus \$5.00 per \$1,000 of annual gross receipts over \$25,000,000
Over \$50,000,000	\$236,000. plus \$6.80 per \$1,000 of annual gross receipts over \$50,000,000

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If you have additional questions, please call me.

Leticia Garcia-Seidell

Leticia_Garcia-Seidell@ci.richmond.ca.us
Office Clerk/Cashier | Revenue Division | (510) 620-6648
City of Richmond, Finance Department
450 Civic Center Plaza, Richmond, CA 94804

From: Angie Goward <Angie@ShieldsNursingCenters.com>
Sent: Wednesday, January 25, 2023 3:19 PM
To: Leticia Garcia-Seidell <Leticia_Garcia-Seidell@ci.richmond.ca.us>
Subject: RE: 40005057 1919 CUTTING BOULEVARD
Importance: High

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Calculate Your Tax Under Measure U

Class A — Retail Sales

Class B — Grocers

Class C — Auto Sales and Manufacturing

Class D — Recreation and Entertainment

Class E — Hotel/Motel

Class F — Construction Contractor

Class G — Business and Personal Services

Class H — Professional/Semi-Professional

Business management services, website development services, finance services, insurance services, real estate services, medical and other health services, educational services, legal engineering and architectural services, accounting/auditing/bookkeeping services, commission merchants, conducting/managing/carrying on a business of furnishing reports on persons to insurance companies for underwriting purposes, or furnishing reports on persons to mercantile concerns as a basis for extending credit savings and loan and other financial institutions, conducting/managing/carrying on the business of lending money or advancing credit

or arranging for the loan of money or the advancing of credit as principal or agent, where the obligation to repay the money lent or debt incurred or to compensate for the advance of credit is secured by a lien on real property, or some interest in real property, unless such business is exempt therefrom by law; software as a service, platform as a service and infrastructure as a service.

Proposed Tax Rate — Class H

Enter your gross receipts below*

1138248

Your proposed business tax rate is below

~~Proposed Business Tax Rate~~

\$49,723.50

Class I — Administrative Headquarters

Class J — Miscellaneous

Class K - Residential and Commercial Rentals

Class L - Cannabis

Class M - Firearms Ammunition

Class N - Taxi and limousine service

Class O - Transportation, trucking

F. Class F. Persons engaged in Class F business activities shall pay a business tax as follows :

If annual gross receipts are:	Then the business tax is:
Not over \$1,000,000	\$1.80 per \$1,000 of annual gross receipts
Over \$1,000,000 but not over \$2,500,000	\$1,800, plus \$2.10 per \$1,000 of annual gross receipts over \$1,000,000
Over \$2,500,000 but not over \$25,000,000	\$4,950, plus \$2.40 per \$1,000 of annual gross receipts over \$2,500,000
Over \$25,000,000 but not over \$50,000,000	\$58,950, plus \$2.70 per \$1,000 of annual gross receipts over \$25,000,000
Over \$50,000,000	\$126,450, plus \$3.00 per \$1,000 of annual gross receipts over \$50,000,000

G. Class G. Persons engaged in Class G business activities shall pay a business tax as follows:

If annual gross receipts are:	Then the business tax is:
Not over \$1,000,000	\$1.80 per \$1,000 of annual gross receipts
Over \$1,000,000 but not over \$2,500,000	\$1,800, plus \$2.70 per \$1,000 of annual gross receipts over \$1,000,000
Over \$2,500,000 but not over \$25,000,000	\$5,850, plus \$3.60 per \$1,000 of annual gross receipts over \$2,500,000
Over \$25,000,000 but not over \$50,000,000	\$86,850, plus \$5.00 per \$1,000 of annual gross receipts over \$25,000,000
Over \$50,000,000	\$211,850, plus \$5.40 per \$1,000 of annual gross receipts over \$50,000,000

H. Class H. Persons engaged in Class H business activities shall pay a business tax as follows:

If annual gross receipts are:	Then the business tax is:
Not over \$1,000,000	\$3.60 per \$1,000 of annual gross receipts
Over \$1,000,000 but not over \$2,500,000	\$3,600, plus \$4.10 per \$1,000 of annual gross receipts over \$1,000,000
Over \$2,500,000 but not over \$25,000,000	\$9,750, plus \$4.50 per \$1,000 of annual gross receipts over \$2,500,000
Over \$25,000,000 but not over \$50,000,000	\$111,000, plus \$5.00 per \$1,000 of annual gross receipts over \$25,000,000
Over \$50,000,000	\$236,000, plus \$6.80 per \$1,000 of annual gross receipts over \$50,000,000

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
9454 Wilshire Blvd., 6th Fl., Beverly Hills, CA 90212

A true and correct copy of the foregoing document entitled (*specify*): **SUPPLEMENT TO DEBTOR'S MOTION PURSUANT TO SECTIONS 363(b) AND 105(a) OF THE BANKRUPTCY CODE FOR ORDER AUTHORIZING DEBTOR TO PAY CRITICAL VENDORS; DECLARATIONS OF WILLIAM M. SHIELDS JR. AND CAROLYN AFARI IN SUPPORT THEREOF** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) 10/17/2023, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:
Debtor's Proposed Counsel: Michael Jay Berger michael.berger@bankruptcypower.com,
michael.berger@ecf.courtdrive.com
U.S. Trustee: Trevor Ross Fehr trevor.fehr@usdoj.gov
Counsel for the IRS: Savith Iyengar savith.iyengar@usdoj.gov, stefania.chin@usdoj.gov
Office of the U.S. Trustee/Oak USTPRegion17.OA.ECF@usdoj.gov
U.S. Trustee: Gregory S. Powell greg.powell@usdoj.gov, Tina.L.Spyksma@usdoj.gov

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) 10/17/2023, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Honorable Charles Novack
United States Bankruptcy Court
1300 Clay Street, Courtroom 215
Oakland, CA 94612

☒ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

10/17/2023

Date

Yathida Nipha

Printed Name

/s/Yathida Nipha

Signature

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

SERVED BY EMAIL:

U.S. Trustee
Attn: Trevor Ross Fehr, Esq.
trevor.fehr@usdoj.gov
(408) 535-5525

SECURED CREDITORS:

BizFund LLC
Attn: Danny Koshanfar
uw@byzfunder.com s.robertson@byzfunder.com
(888) 958-3781

CT Corporation
uccfilingreturn@wolterskluwer.com
800-331-3282

Dimension Funding LLC
sales@dimensionfunding.com
800-755-0585

EDD
CDBankruptcyGroup.Tax@edd.ca.gov
1-800-300-5616

First Corporate Solutions
First Corporate Solutions
SPRS@FICOSO.COM 916-558-4988

IRS
Attn: Aixa Cassim (Assigned IRS Agent)
Aixa.cassim@irs.gov
800-973-0424
Fax 267-466-1015

Leaf Capital Funding
info@LEAFnow.com
(866) 219-7924

US. SBA
Adams, Eric J.
eric.adams@sba.gov;
Henderson, Todd H.
Todd.Henderson@sba.gov
213-634-3875

UFS West LLC
Sam Drillman
sam@mayfairbusinesscapital.com
718-775-6393

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

20 LARGEST UNSECURED CREDITORS:

AMPG Healthcare Solution, Inc,
jr@firstcallns.com
(408) 262-1533

BizFund LLC
Attn: Danny Koshanfar
uw@byzfunder.com s.robertson@byzfunder.com
(888) 958-3781

BlueVine
Support@bluevine.com.
888-216-9619

CTI III, LLC
Attn: Sarah Maculak
smaculak@ctillc.com
916-883-8992

Dept. of Health Care Services
qaf@dhcs.ca.gov
(916) 650-0583

Dimension Funding, LLC
sales@dimensionfunding.com
800-755-0585

Diagnostic Laboratories
Monique.Montoya@tridentcare.com
(469) 609-2753 (877) 235-0377

El Cerrito Investment
Romney White
(510) 525-8897
rommney@eyringrealty.com
James Zack
ZackJ@lanepowell.com

Earleen Miller
c/o Labor Commissioner Office
laborcomm.wca.oak@dir.ca.gov
(510) 622-3273

Graph Insurance Group
MMensh@graphgroup.com
(212) 235-1231

IRS
Attn: Aixa Cassim
Aixa.cassim@irs.gov
Savith Iyengar

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

savith.iyengar@usdoj.gov
800-973-0424
Fax 267-466-1015

James Prasad
jamesprasad@yahoo.com
510-219-8652

Kaiser Foundation Health Plan
Esc-largeacements@kp.org
kpssc-community-benefit@kp.org
(800) 731-4661

McKesson Medical Surgical
Attn: Jennifer
(800) 328-8111
mms.eft@mckesson.com
service.customerfinancing.com

Nextaff Group
accounting@nextaff.com
(913) 562-5610

Pharmerica
(800) 458-3784
billing33183@pharmerica.com

SHIFTMED, LLC
billingsupport@shiftmed.com
(866) 892-6221

US SBA
Adams, Eric J.
eric.adams@sba.gov
Henderson, Todd H.
Todd.Henderson@sba.gov
213-634-3875

UFS West LLC
Sam Drillman
sam@mayfairbusinesscapital.com
718-775-6393

Webfund
Attn: Shanna Kaminski, Esq.
skaminski@kaminskilawpllc.com
legal@uptownfund.com
517-294-2101

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

CRITICAL VENDORS:

Elam's Consulting
Jordan Elam's
iordanelam@comcast.net

Interactive Medical System
Jennifer Kersten (Manager) 888.877.0209 ext.210
JenniferK@goimsinc.com

Nutrition Therapy
Suzanne (559) 451-0460
suzanne@nutritiontherapyessentials.com

Providence Rehab
Kenneth Lockerbie (415) 225-0126
providence.kenneth2022@gmail.com

City of Richmond Antonio Banelos
abanelos@ci.richmond.ca.us

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

June 2012

F 9013-3.1.PROOF.SERVICE

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